

Message Text

SECRET

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ORIGIN SS-10

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DRAFTED BY S/S-O:DHICKEY

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FM SECSTATE WASHDC

TO AMEMBASSY ROME IMMEDIATE

INFO AMEMBASSY PARIS IMMEDIATE

AMEMBASSY LONDON IMMEDIATE

S E C R E T STATE 158507

EXDIS

FOLLOWING REPEAT JIDDA 4243 (EXDIS) SENT ACTION SECSTATE
DATED 22 JULY 74

QUOTE

S E C R E T JIDDA 4243

EXDIS

DEPT PLS PASS SECRETARY SIMON

E.O. 11652: GDS

TAGS: EFIN, SA, US

SUBJECT: SAUDIS MAY BUY U.S. TREASURY ISSUES SOON

1. AHMAD ZAKI YAMANI, SAUDI MINISTER OF PETROLEUM,
TOLD ME JULY 20 THAT SECRETARY SIMON'S PROPOSAL TO
SAUDI FINANCE MINISTER PRINCE MUSA'ID WAS DISCUSSED
WITH KING FAISAL PRIOR TO SECRETARY SIMON'S DEPARTURE
FROM TAIF.

2. MUSA'ID EXPLAINED HOW THE U.S. TREASURY COULD
HANDLE LARGE SUMS WITHOUT DISRUPTING THE MARKET EITHER
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ON THE PURCHASE OR SALE OF SPECIAL ISSUES.

3. THE KING WAS VERY INTERESTED AND, ACCORDING TO YAMANI, INSTRUCTED MUSA'ID TO REACH AN AGREEMENT QUICKLY. MUSA'ID REPLIED THAT THE MATTER REQUIRED SOME STUDY BUT THAT HIS MAJESTY'S INSTRUCTIONS WOULD BE CARRIED OUT.

4. YAMANI CONCLUDED THAT THE PROPOSAL WOULD BE ACCEPTED BEFORE KING FAISAL LEAVES FOR CAIRO JULY 31 AND ASKED THAT THIS "GOOD NEWS" BE PASSED TO SECRETARY SIMON.

5. COMMENT: I DO NOT DOUBT THE EXCHANGE TOOK PLACE AS DESCRIBED BY YAMANI. I DO NOT, RPT NOT, HOWEVER, SHARE HIS CONVICTION THAT THE FINAL DECISION HAS ALREADY BEEN TAKEN. THE FINAL WORD WILL BE MUSA'ID'S AND ABA AL-KHAIL'S (MINISTER OF STATE FOR FINANCE), NOT FAISAL'S. FAISAL IS MUSA'ID'S NEPHEW; HE DEFERS TO HIM PUBLICLY AND IT WOULD BE UNCHARACTERISTIC OF HIM TO OVER-RULE HIS UNCLE IN SOMETHING UNDER MUSA'ID'S IMMEDIATE JURISDICTION. AKINS UNQUOTE KISSINGER

SECRET

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